

## LNF & IHCIF Calculations Illustration **- GALLUP in Navajo area -**

### Given Data

- 44,451 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 15% = % Expenditures on purchased services, 85% = % expenditures in-house
- 91.3% = Cost index for purchasing health care in this geographic area
- 81.2% = Size cost index for in-house costs due to small or large size
- 101.9% = Navajo area cost index for health status above or below average

### Cost Adjustment Calculations

- \$411 per person for purchased services =  $15\% * 91.3\% * \$2,980$
- \$2,055 per person for in-house services =  $85\% * 81.2\% * \$2,980$
- \$2,466 per person total = \$411 (purchase) + \$2,055 (in-house)
- **\$2,513 per person total** adjusted for health status =  $\$2,466 * 101.9\%$
- **\$1,768 per person net cost** =  $\$2,513 - \$745$  Other resources (M&M&PI)

### Existing Expenditures (for 44,451 users excluding wrap-around and collections)

- \$694 per person = local IHS allowance (excludes \$ for wrap-around)
- \$273 per person = expenditures elsewhere in Navajo area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,021 per person for OU users** =  $\$694 + \$273 + \$54$

### LNF Calculation

- **40.6% Gross LNF** =  $\$1,021$  (expenditures) /  $\$2,513$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **57.7% Net LNF** =  $\$1,021 / \$1,768$  net cost ( $\$2,513 - \$745$  other)

### IHCIF Allocation

- \$1,786,522 = \$ to raise LNF% from 57.7% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$62,314 Allocation** =  $\$1,786,522$  needed for 60% \* 3.488% IHCIF fraction

### GALLUP Unmet Needs

- **\$78,602,561 Net Total Need** =  $44,451$  users \*  $\$1,768$  net cost
- **\$33,227,547 Net Unmet Need** =  $(100\% - 57.7\% \text{ LNF}) * 44,451$  users \*  $\$1,768$  net cost